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# RELIEF FOR THE FOOTWEAR INDUSTRY

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## MESSAGE

FROM

# THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A DETERMINATION TO TAKE ACTION ON AN ITC RECOMMENDATION FOR IMPORT RELIEF, PURSUANT TO 19 U.S.C. 2253(b)

SEPTEMBER 4, 1985.—Message and accompanying papers referred to the Committees on Ways and Means and Education and Labor and ordered to be printed

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*To the Congress of the United States:*

In accordance with Section 203(b)(2) of the Trade Act of 1974 (19 U.S.C. 2253(b)(2)), I am writing to inform you of my decision today to direct the Secretary of Labor to develop a plan to utilize the Job Training and Partnership Act of 1982 to aid dislocated workers in the nonrubber footwear industry. At the request of the Senate Finance Committee, the United States International Trade Commission (ITC) instituted an investigation to determine whether increasing imports of nonrubber footwear were injuring the domestic nonrubber footwear industry. The ITC found that nonrubber footwear imports are a substantial cause of serious injury, or threat thereof, to the domestic footwear industry.

While the escape clause provisions of the Trade Act of 1974 require the ITC to determine the question of whether a domestic industry has been seriously injured as a result of increased imports, I am charged with the responsibility of determining whether the provision of import relief to the domestic industry is in the national economic interest. After considering all relevant aspects of the case, including those set forth in Section 202(c) of the Trade Act of 1974, I have determined that granting import relief would not be in the national economic interest. I believe my decision today will promote our national economic interest by encouraging an open, nondiscriminatory and fair world economic system, a system in which jobs are created and prosperity grows through increased productivity and competitiveness in an open market. As my determination does not provide import relief to the industry, I am setting forth the reasons for my decision.

First, import relief would place a costly and unjustifiable burden on U.S. consumers and the U.S. economy. The Council of Economic Advisers estimates that the global quota remedy recommended by the ITC would create between 13,000 to 22,000 jobs with an average annual wage of $14,000. However, the cost to consumers to create these jobs would be $26,300 per job, amounting to a total consumer cost which could be as high as $2.9 billion over the next 5 years. Moreover, these jobs would not provide permanent employment and would be likely only to last during the 5-year relief period.

Second, import relief would result in serious damage to U.S. trade in two ways. If the ITC global remedy were imposed, U.S. trade would stand to suffer as much as $2.1 billion in trade damage either through compensatory tariff reductions or retaliatory actions by foreign suppliers. This would mean a loss of U.S. jobs and a reduction in U.S. exports. U.S. trade would also suffer because of the adverse impact import relief would have on major foreign supliers, such as Brazil, who are heavily indebted and highly dependent on footwear exports. Import relief would lessen the ability of these foreign footwear suppliers to import goods from the United States and thus cause an additional decline in U.S. exports.

Third, I do not believe that providing relief in this case would promote industry adjustment to increased import competition. While imports of nonrubber footwear have increased rapidly over the last 12 months, I believe that the industry has been and is in the process of successfully adjusting to increased import competition. An industry that was once characterized by many small firms with limited manufacturing capability, has now emerged as an industry led by larger, more efficient producers who have invested in state of the art manufacturing equipment, diversified into profitable retail operations, and filled out their product lines with imports to respond to rapidly changing consumer taste.

In order to address the difficult problems faced by workers in the industry, I have directed the Secretary of Labor to work with State and local officials to develop a retraining and relocation assistance program specifically designed to aid workers in the nonrubber footwear industry. Appropriate programs of the Job Training Partnership Act are to be used to the fullest extent possible under U.S. law.

RONALD REAGAN.

THE WHITE HOUSE, *August 28, 1985.*

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